

B8595HC  
2.542  
Copy 1

**SICK LEAVE ANALYSIS**  
**SC DEPARTMENT OF REVENUE**

**Darold Ratliff**  
**Employee Relations Manager**  
**SCDOR**  
**CPM Class Project**

**S. C. STATE LIBRARY**

AUG 2 2004

**STATE DOCUMENTS**

**January 22, 2003**  
**Project Findings**

# **SICK LEAVE ANALYSIS**

## **SC DEPARTMENT OF REVENUE**

Unscheduled and unprogrammed absences from the work force of productive workers are a real concern of organizations. Many organizations have experienced a reduction in the number of employees they can efficiently employ. Therefore, the successful production of the organization is dependent upon the workers to be available to do the work.

Realizing that programmed absences can attribute to a healthy workforce, organizations provide annual leave for the employees to take for period of rest and refreshment. Usually these periods are planned for in advance to allow the organization ample time to compensate for the absence.

However, there are other unprogrammed absences, which bring a disruption to the work place that are inevitable. Many of these absences are due to sicknesses or injuries. Organizations realize that their employees will be out due to these absences and have even established sick leave account for their employees to draw from. "Sick leave" is increasingly used by employees to manage more than personal illness. According to the results of a 2001, CCH Unscheduled Absence Survey, 32 percent of employees take unscheduled leave

because of personal illness, 21 percent take leave for other family issues.”<sup>1</sup>

Some sick leave absences associated with pregnancies, elective surgery, or other foreseen circumstances can certainly be programmed. However, often these absences are a result of unforeseen sicknesses or injuries that cannot be programmed or prescheduled. Unscheduled absences subject the employer to losses in terms of production, as well as additional costs associated with workers who may also be unproductive because they have to “wait” to do because the absent worker did not perform their tasks that may be an earlier stage in their own area of responsibility.

“The average per-employee cost of absenteeism increased to \$755 in 2001, from \$610 per year in 2000, coming within dollars of the highest cost reported in the last three years. Estimates are that the overall direct costs associated with unscheduled absences increased by 24 percent.”<sup>2</sup>

Additionally, the follow-up 2002, findings by the same organization (CCH Inc. is a Riverwoods, Ill.-based company that provides tax and business law information geared to various professions) revealed that

---

<sup>1</sup> Internet Source, [www.shrm.org/hrnews/articles/default.asp?page=102501a.htm](http://www.shrm.org/hrnews/articles/default.asp?page=102501a.htm),  
“Sick” Leave Levels Rise in 2001, According to New Survey, by Karyn-Siobhan Robison, September 25, 2002

<sup>2</sup> Ibid.

unscheduled absences cost an aggregate average of \$789 per employee in 2002.<sup>3</sup>

This study of sick leave use in the Department of Revenue is an attempt to determine if recent, significant events had a direct bearing on the amount of sick leave our employees use on a monthly basis. The work load has remained reasonably constant while the reduced staffing we now are required to work with has elevated the need for management to be able to program and forecast work loads.

In September of 2001, the SC Department of Revenue suffered along with the rest of the nation as the events of 9/11 unfolded. Our hearts ached and attitudes changed with the attack on the World Trade Center. With these tragic events came the realization that our national, and to some extent, personal security had been breeched. America had been attacked in much the same manner, as it had been at Pearl Harbor, Hawaii in on December 7, 1941, unprovoked and unanticipated. That tragic event awakened the "sleeping giant" of the American workforce to become the world's greatest and most formidable producing machine ever. Pearl Harbor brought the American people together with a desire to do whatever it took to defeat the enemies of our nation. The production that flowed from our factories was a united effort for every worker doing his or her part to personally "win the war."

---

<sup>3</sup> HR Magazine, *Workplace No-Shows' Costs to Employers Rise Again*, December 2002, Vol. 47, No. 12, page 26.

The attack on the World Trade Center also brought the patriotic spirit out in many Americans, as well as the American worker. Flags flew; the red, white and blue, was seen everywhere; people gave blood; and we came together to join arms to form a defensive posture against the new enemy. Again the “sleeping giant “ was awakened. This time Americans realized more of an awareness of the fact of the vulnerability we face as a collective people to outside forces.

During the very week of the attack on America, the Department of Revenue suffered another blow that left our workers stunned. On September 11, 2001, 2,819<sup>4</sup> people were killed in either the World Trade Center, the Pentagon, or on the four aircraft that were hijacked. This was an attack on our nation as a whole, on the security we enjoyed. Then, on September 14, 2001, three short days later, 108 DOR employees left on Friday not to return on Monday. This was more of a personal attack of our workforce due to budget reductions, which had forced us to initiate a major reduction in force.

When faced with our budget reduction, we initially cut spending in every feasible area. We reduced spending in expense accounts. We did without some items that had been previously budgeted. We came together as a collective body to ferret out ways to lessen the impact of the budget reduction. We offered early separation and retirement incentives to “voluntarily” reduce our staffing costs. These gallant

---

<sup>4</sup> Internet Source, [www.newyorkmetro.com/news/articles/wtc/1year/numbers.htm](http://www.newyorkmetro.com/news/articles/wtc/1year/numbers.htm), 9/11 by the Numbers, November 12, 2002

efforts resulted in a much lower number of employees who would still need to be laid off in order for us to meet our budgetary constraints. However, the severity and depth of the cuts was too great for us to avoid the dreaded *Reduction In Force*. We had to let nearly 20 percent of our workforce go.

It is the goal of this project to analyze sick leave usage during the year prior to September 2001, as well as the year since to determine if there has been an adverse impact in those employees remaining in our workforce. Information was gathered from the Department's monthly leave reports. Additionally, the actual leave usage back several years (data was available back to July 1998) was analyzed to see if a pattern or cycle existed that could be addressed by management and thereby enable the Agency to better management the remaining resources in the Agency.

## **DATA GATHERING**

Data and information for this leave analysis study was collected from several different sources. Sources differed depending upon the intent for which it is to be used.

The primary data used is the Agency monthly leave report. This report is generated monthly after the various leave liaison personnel have posted all leave for the previous month. This report lists each employee by name and provides a display of their leave history during

the respective months as well as a summary of the year to date leave activity.

To avoid any possibility of revealing possible confidential information, I used the summary portion of the report. This summary area provides the number of hours, or fractions thereof, of the different categories of leave taken year to date and during the report period for the agency as a whole. It is these numbers that I will draw my conclusions. My focus will be on the use of sick leave rather than annual leave.

The data has been extracted from reports/information still available. Raw numbers are available back to July 1998, and actual report summaries are available back to September 2000.

This information has been entered into an excel spreadsheet for the purposes of this project. Spreadsheets and graphs will be used to analyze the data and generate various charts/graphs to display the information and or findings. T-tests of the data will not be required as I obtained actual numbers of the total leave taken as well as the number of employees in the respective months.

Other information was gathered from readings from the Society of Human Resources (SHRM) web page, The Bureau of Labor Statistics, The Labor Market Reporter, and other Internet articles. These articles/readings dealt with the impact of unscheduled absenteeism on the employer as well as providing insight as to some of

the underlying reasons for unscheduled absences. Also, an insight into the various costs associated with unprogrammed absences, where organizations might attempt to address these absences, and where industry leaders feel that improvements may be made.

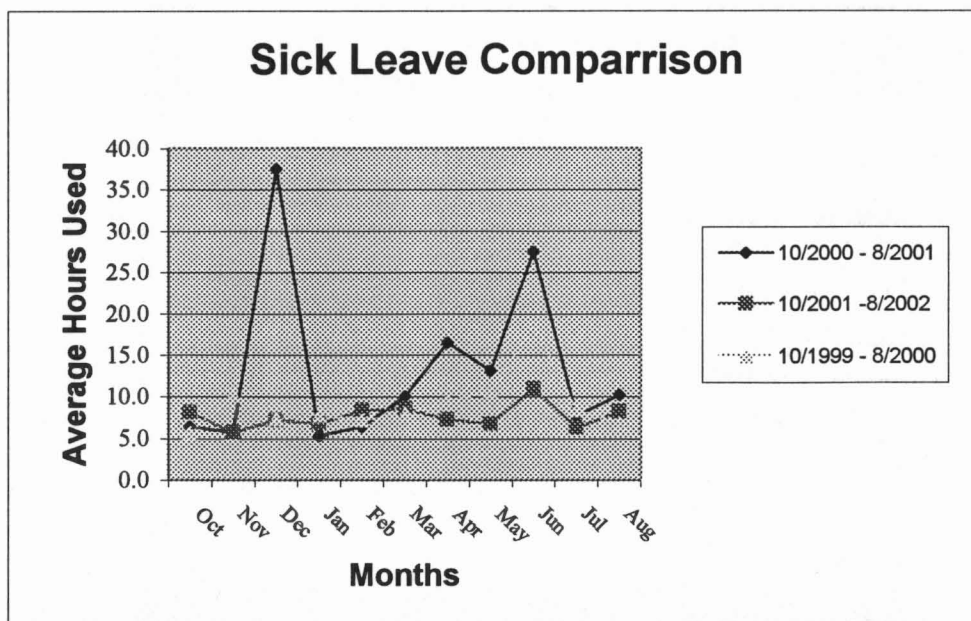
Finally, the information from various leave processing personnel within the Agency provided an insight and understanding on the day-to-day activities associated with the leave process within the Agency. The leave liaisons administrative personnel in our agency are ultimately are responsible for keying used leave to the respective employee's account. Their experiences with the process better enabled me to have a full grasp of the system and thereby placed me in a better position to make positive recommendations.

State employees earn 9.38 hours of sick leave each month. Current regulations also allow for them to accrue up to 195 workdays (1,462.5 hours). They can also, "carryover from one calendar year to the next any unused earned sick leave up to a total maximum carryover of 180 workdays."<sup>5</sup> The following chart depicts the average sick leave usage for three periods:

---

<sup>5</sup> South Carolina Budget and Control Board, State Human Resources Regulations, Para 19-710.02C, (July 1, 2001), p.72.





My initial intent was to compare and analyze the data for the 11 months prior to September 2001, with the same period since the two events that had significant impact on our workforce. Initially, I assumed that the significant reduction in the average leave used was a direct result of a sense of pride that our workforce developed after the two attacks. I even developed my own "theory" which I labeled "The Pearl Harbor Effect." Everyone knows of the level of output of the American workforce after the attack on Pearl Harbor. The American workers banded together to produce goods and services to a level that had never been experienced before. They felt a sense of pride in doing their best for the war effort. They went to work to product the things necessary to win the war. I felt that DOR employees did the same.

Although the October 2001, sick leave usage figures averaged about 1.5 hours more than October 2000, the November usage numbers are essentially the same. The spike in the December 2000, average is a direct product of our earlier efforts to reduce our staff without a RIF.

Employees who took advantage of our early separation/retirement initiatives “cashed-in” some of their sick leave. Our leave accounting system necessarily recorded these hours as being used rather than “cashed-in.” However, from February through August the graph indicates an average sick leave use less than the usage level for the same period for the previous year.

Further analysis and conversations with our leave liaison personnel revealed that there could very well be an issue with employees who knew that they might be subject to the reduction in force, using their sick leave. The state HR regulations specify that, upon separation from employment, an employee shall forfeit all earned sick leave.”<sup>6</sup> We provided well over a month’s notice of who would be RIFD, therefore, it is quite possible that some employees felt some “sicknesses” that they may not have otherwise felt. I would not be a bit surprised if some supervisors were inclined to be less than stringent in the application of sick leave monitoring during those employees’ final month.

Taking the above into consideration, I decided to look at the leave tract for the same period a year earlier. I was pleased to see that the average sick leave use for our employees after September 2001 was still on average less than the average used in the two previous years. I believe this is a tribute to the dedication of our workers in the time of need that we faced and are still facing in these lean times.

## CONCLUSIONS

Unscheduled absences cost organizations in many ways. For instance:

---

<sup>6</sup> South Carolina Budget and Control Board, State Human Resources Regulations, Para 19-710.06, (July 1, 2001), p.75.

- Lost wages/salaries (when there is paid sick leave).
- Benefits payments.
- Premium pay for temporary help.
- Premium pay for overtime work.
- Salaries and benefits for supervisor's time spent on absenteeism problems.
- Underutilization of facilities.
- Substandard production (quantity and quality).
- Increased inspection costs.<sup>7</sup>

There are many reasons for employees to miss work. Hopefully, these absences can be programmed in advance to allow the employer an opportunity to adjust production accordingly. However, there are unprogrammed absences that may be due to illnesses, accidents, etc. creating problems for the employer. The average employee sick leave use during the period October 2001 through August 2002 actually decreased slightly over the same period for two consecutive previous years. We had fewer employees, performing basically the same amount of work, yet we experienced on average, fewer unprogrammed absences. Factors impacting this turn of events might be the caliber of our worker, the fact that more senior workers remained after a significant reduction in force of the more junior employees, or that the American "Pearl Harbor Syndrome" evident in the workforce in the aftermath of that significant emotional event has come again in the wake of the events we experienced in September 2001.

---

<sup>7</sup> Society Of Human Resources Management White Paper, *Absenteeism: Analyzing Work Absences*, by Karye-Siobhan Robinson, dtd June 1993, revised August 2002

## **RECOMMENDATION**

The Department of Revenue is fortunate to have many fine employees who are willing to put forth extraordinary efforts in providing service the taxpayers of the State. While there will always be reasons for unprogrammed absences, the data clearly reflects the average number of sick leave hours used monthly to be less than earlier periods. It is well under the number of hours earned each month per employee. Therefore, while unprogrammed absences should continue to be a concern of management, the evidence clearly indicates that DOR's workforce is not now, nor have they done so in recent history, abusing the generous sick leave provisions of the State benefits package.

## BIBLIOGRAPHY

Society Of Human Resources Management White Paper, *Absenteeism: Analyzing Work Absences*, by Karye-Siobhan Robinson, dtd June 1993, revised August 2002

HR Magazine, *Workplace No-Shows' Costs to Employers Rise Again*, December 2002, Vol. 47, No. 12, page 26.

Bureau of Labor Statistics, Household Data Annual Averages, Chart - Absences from work of employed full-time wage and salary workers by age and sex for 2001, page 222.

Internet Source, [www.applesforhealth.com](http://www.applesforhealth.com), *Absenteeism Still a Big Problem*, Vol 1, Number 17 – September 24, 1999

Internet Source, [www.ssb.no](http://www.ssb.no), *Geographical Variations in Increased Absences*, published in Statistics Norway, September 11, 2002

Internet Source, [www.ssb.no](http://www.ssb.no), *Slight Change in Self-Certified Sickness Absences*, published in Statistics Norway, September 20, 2002

Internet Source, [www.applesforhealth.com](http://www.applesforhealth.com), *Taking Control of Absenteeism*, Vol 1, Number 45 – April 7, 2000

Internet Source, [www.toolkit.cch.com](http://www.toolkit.cch.com), *Costs of Absenteeism*, published by CCH Incorporated, 2002.

Internet Source, [www.employer-employee.com](http://www.employer-employee.com), *Combating Absenteeism*, How to deal with employee absenteeism, September 25, 2002

Internet Source, [www.shrm.org/hrnews/aticles/default.asp?page=102501a.htm](http://www.shrm.org/hrnews/aticles/default.asp?page=102501a.htm), *"Sick" Leave Levels Rise in 2001, According to New Survey*, by Karyn-Siobhan Robison, September 25, 2002

Internet Source, [www.usatoday.com/news/nation/2002-10-16-sick-days\\_x.htm](http://www.usatoday.com/news/nation/2002-10-16-sick-days_x.htm), *Study: More taking sick days for personal reasons*, October 18, 2002.

Internet Source, USA Today (Magazine), *Putting the Brakes on Employee Absenteeism*, April 2002

Internet Source, [www.newyorkmetro.com/news/articles/wtc/1year/numbers.htm](http://www.newyorkmetro.com/news/articles/wtc/1year/numbers.htm), 9/11 by the Numbers, November 12, 2002

South Carolina Budget and Control Board, State Human Resources Regulations, July 1, 2001